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Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Executive Board of the United Nations Children's Fund

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Harmonization of budgets: UNDP, UNFPA and UNICEF

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator of the United Nations Development Programme (UNDP), the Executive Director of the United Nations Population Fund (UNFPA) and the Executive Director of the United Nations Children's Fund (UNICEF) on their continuing efforts on harmonizing the presentation of their biennial support budgets (DP/1999/6, DP/FPA/1999/1, E/ICEF/1999/AB/L.2). The Committee also had before it the UNICEF report on progress in implementing its biennial support budget for 1998-1999 (E/ICEF/1999/AB/L.1). During its review of the matter concerning harmonization of the presentation of support budgets, the Committee met with representatives of the executive heads of the organizations.

2. The Advisory Committee welcomes the progress report on the harmonized budget presentation of the biennial budgets, prepared in response to UNICEF Executive Board decision 1998/2, paragraph 4 (E/ICEF/1998/6/Rev.1), requesting the UNICEF Executive Director to review with the Administrator of UNDP and the Executive Director of UNFPA the harmonized presentation with a view to improving it, particularly its clarity, for the next biennium, taking into account comments made by the Advisory Committee and also by delegations during the Board's discussion.

3. The Advisory Committee notes that efforts were made in the present report to take into account its comments on a harmonized budget format. The Committee trusts that other observations and recommendations previously made by the Committee, specific to the budget of each organization, will be taken into account in the preparation of the budget submissions for the biennium 2000-2001. The Committee will comment, as necessary, on further refinements specific to the requirements of each organization in the context of its review of the budgets for the biennium 2000-2001.

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* DP/1999/L.1.
** E/ICEF/1999/2.

4. The Advisory Committee notes from paragraphs 5-6 and Part Two (Budget mock-up) of the report that the executive summary will comprise three sections, namely a section on the financial framework of the organization that will deal with the subject of income projections, a second one on objectives and strategy and a third summarizing the proposals. In the view of the Committee, the executive summary should be concise and highlight clearly the main issues under consideration. Detailed discussions of proposals should be dealt with in the main body of the budget document (chapter II of the report).

5. As indicated in paragraph 7 and Part Two, table 1, of the report, a proposed change in the format of the resource plan will introduce a new line for "Other" income under the resources available section. The Advisory Committee recommends that each organization provide in its resource plan the corresponding breakdown of its "Other" income (i.e., miscellaneous income, interest income, etc.), explaining reasons for variations in the sources of "Other" income, as compared to the previous biennium. Moreover, the Committee understands from the discussions with representatives of UNDP and UNFPA that, should there be contributions from private sources for the programmes of these organizations, the income sources and amounts will also be disclosed in their resource plan for the corresponding biennium. Estimates of closing balances of biennial resources that would be available for expenditure in the ensuing biennium should also be shown in the resource plan, with adequate explanations on the assumptions made in the projections.

6. Paragraph 8 of the report outlines a second change in the resource plan under the section heading "Biennial support budget". It provides a breakdown of the sources of income and other adjustments to the gross biennial budget. The Advisory Committee believes that it is essential that each organization present a clear definition of its "gross" and "net" biennial budget, providing a full breakdown of income sources to the biennial budget and an explanation of the process by which gross and net biennial budget estimates have been determined. The Committee understands that both UNFPA and UNICEF will include contributions from Governments towards local office costs under the estimated income to the biennial support budget, consistent with the practice already followed by UNDP.

7. In paragraph 10 of the report, it is indicated that the organizations will include a table on the net biennial appropriation estimates that will show the "Main areas of increase/decrease". The selection of items to be included in the table will depend on the specific strategy of the organization for the biennium. Part Two (Budget mock-up), table 2, illustrates the proposed approach by providing data of the UNICEF support budget from the biennium 1998-1999. As indicated in paragraphs 5-6 of Part Two, under the section on objectives and strategy of the executive summary, increases and decreases in table 2 will vary according to the budget being presented and will include resource movements of the most significant budget changes for the biennium. The table will also include lines for "Net other increases/decreases" and "Net change in estimated income", thus providing figures for the net biennial appropriation estimates. In the view of the Advisory Committee, the explanations under paragraph 6 of this section of the executive summary should be clear and concise and should provide cross references to relevant paragraphs of chapter II where detailed information should be included on volume and cost changes of budget items. Organizations should clearly identify the cost parameters that influence the increases and decreases in the main budget items.

8. The Advisory Committee notes that the revised format of the table on the "Use of resources: Estimated regional distribution of programmes and programme support" (table 7 of Part Two) will include a separate section for "Central programme support". This section will include budget estimates for headquarters units that provide support to all programmes and costs of field offices that are administered centrally. These costs were budgeted by UNICEF in 1998-1999 under the heading of "Intercountry" activities. The Committee trusts that the table will be accompanied by relevant explanations in chapter II, section on programme support for country and regional offices, on the resources managed from headquarters for this purpose.

9. Paragraph 13 of the report indicates that biennial budget estimates by expenditure category will be included in the document as table II of the summary tables. The Advisory Committee notes that the breakdown of staff costs and operating expenses, including the provision for reimbursement of income taxes, will not be included in the tables. Taking into account the views expressed by the Executive Boards of the organizations, the Committee agrees not to include this detailed breakdown in the main budget document; however, the Committee reiterates its request that organizations should continue to provide to the Committee for its review, together with the budget submission, detailed breakdown of staff costs and operating expenses, including the provision for reimbursement of income taxes. This should be done in a separate document to be used by the Advisory Committee.